

calendar quarter. When the actual third party payor reimbursement is greater or less than estimated, the difference shall be reflected in the county billing in the calendar quarter the actual third party payor reimbursement is determined.

5. An individual statement shall be prepared for a patient on or before the fifteenth day of the month following the month in which the patient leaves the mental health institute, and a general statement shall be prepared at least quarterly for each county to which charges are made under this section. Except as otherwise required by sections 125.33 and 125.34 the general statement shall list the name of each patient chargeable to that county who was served by the mental health institute during the preceding month or calendar quarter, and the amount due on account of each patient, and the specific dates for which any third party payor reimbursement received by the state is applied to the statement and billing, and the county shall be billed for eighty percent of the stated charge for each patient specified in this subsection. The statement prepared for each county shall be certified by the department to the director of revenue and finance and a duplicate statement shall be mailed to the auditor of that county.

Approved April 23, 1987

CHAPTER 38

SECURITY INTERESTS IN FARM PRODUCTS

S.F. 13

AN ACT relating to the protection of buyers of farm products against the enforcement of liens by secured parties and providing dates for the effectiveness and applicability of the Act.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 554.9307, subsection 1, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

Except as provided in subsection 4, a buyer in the ordinary course of business as defined in section 554.1201, subsection 9, takes free of a security interest created by that person's seller even though the security interest is perfected and even though the buyer knows of its existence. For purposes of this section, a buyer or buyer in the ordinary course of business includes any commission merchant, selling agent, or other person engaged in the business of receiving livestock as defined in section 189A.2 on commission for or on behalf of another.

Sec. 2. Section 554.9307, subsection 4, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

4. a. A buyer in the ordinary course of business buying farm products from a debtor engaged in farming operations takes subject to a security interest created by the debtor, if within one year before the sale of the farm products the buyer receives prior written notice of the security interest which complies with this subsection and the buyer fails to perform the payment obligations specified in the notice.

b. A written notice complies with this subsection if the written notice is delivered to the buyer by the secured party or the debtor who sells the farm products and it complies with the following:

- (1) Is an original or reproduced copy of the written notice; and
- (2) Is signed by either the secured party or the debtor, who transmits the notice to the potential buyer.
- (3) Contains all of the following:
 - (a) The name and address of the secured party.
 - (b) The name and address of the person indebted to the secured party.

(c) The social security number of the debtor or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of the debtor.

(d) A description of the farm products subject to the security interest created by the debtor, including the amount of the products where applicable.

(e) An identification of the crop year in which the farm products were produced.

(f) An identification of the county in which the farm products were produced.

(g) A reasonable description of the property on which the farm products were produced.

(h) A statement of any payment obligations imposed on the buyer by the secured party as a condition for waiver or release of the security interest.

c. The secured party may require, in documents creating the security interest, that a debtor engaged in farming operations, who creates a security interest in a farm product, furnish to the secured party a list of potential buyers to or through whom the debtor may sell the farm product. Before a potential buyer who is not on the list may receive from the secured party written notice of a security interest in a farm product, the secured party shall notify the debtor of the name and address of the potential buyer.

d. A written notice shall be amended by the secured party within three months of any material change. The amended notice must be signed and transmitted to the potential buyer similarly to the original notice, by either the secured party or the debtor selling the farm products. The notice lapses on the earlier of either one year from the date the notice was received by the buyer or the date the buyer receives a notice signed by the secured party that the security interest has lapsed.

Sec. 3. Section 554.9307, Code 1987, is amended by striking subsection 5 and inserting in lieu thereof the following:

5. If the notice to a potential buyer by a secured party or debtor satisfies the requirements of subsection 4, paragraph "b", and the debtor sells the farm products subject to the security interest to a buyer not included on the list as a potential buyer as required in subsection 4, paragraph "c", or to any other buyer, if the name and address of the buyer was not received by the debtor pursuant to subsection 4, paragraph "c", then the debtor is subject to a civil penalty of the greater of either five thousand dollars or fifteen percent of the value or benefits received by the debtor for the farm products described in the documents creating the security interest.

However, the penalty provided in this subsection shall be imposed on the debtor in lieu of but not in addition to the penalty described in the federal Food Security Act of 1985, Pub. L. No. 99-198, § 1324. A penalty shall not be imposed on the debtor if the debtor has complied with any of the following:

a. Notified the secured party in writing of the identity of the buyer at least seven days prior to the sale.

b. Accounted to the secured party for the proceeds of the sale not later than ten days after the sale.

Sec. 4. Section 554.9307, Code 1987, is amended by striking subsection 6 and inserting in lieu thereof the following:

6. For purposes of this section, written notice shall be considered to be received by the person to whom it was delivered if the notice is delivered in hand to the person with a written receipt returned, or mailed by certified or registered mail with the proper postage and properly addressed to the person to whom it was sent. The refusal of a person to whom a notice is mailed to accept delivery of the notice shall be considered receipt.

Sec. 5. Section 554.9307, Code 1987, is amended by striking subsections 7 through 9.

Sec. 6. This Act, being deemed of immediate importance, takes effect ten days after the Act has been approved by the governor or ten days after the Act has been passed over the

governor's objection. The provisions contained in this Act shall apply retroactively to all security interests granted on or after December 23, 1986. If a security interest was granted before December 23, 1986, the provisions contained in this Act shall apply retroactively on and after September 1, 1987, to those security interests.

Approved April 24, 1987

CHAPTER 39

SCHOOL ADMINISTRATORS' CONTRACTS

S.F. 105

AN ACT relating to the degree of evidence required for termination or nonrenewal of a school administrator's contract.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 279.24, subsection 6, Code 1987, is amended to read as follows:

6. Is unsupported by ~~substantial~~ a preponderance of the evidence in the record made before the board when that record is reviewed as a whole.

Approved April 24, 1987

CHAPTER 40

SPECIAL ASSESSMENTS ON PROPERTY ACQUIRED FOR PUBLIC USES OR PURPOSES

S.F. 198

AN ACT relating to the payment of special assessments on property acquired by eminent domain and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 427.2, Code 1987, is amended to read as follows:

427.2 TAXABLE PROPERTY ACQUIRED THROUGH EMINENT DOMAIN.

Real estate occupied as a public road, and rights of way for established public levees and rights of way for established, open, public drainage improvements shall not be taxed.

When land or rights in land are acquired in connection with or for public use or public purposes, the acquiring authority shall assist in the collection of property taxes and special assessments. However, assistance in the collection of the property taxes and special assessments does not require the payment of property taxes and special assessments on the property acquired which exceed the amount of just compensation offered as required by section 472.45 for the acquisition of the property.

The property owner shall pay all property taxes and special assessments which are due and payable when the property owner surrenders possession of the property acquired and also those which become due and payable for the fiscal year the property is acquired in an amount equal to one-twelfth of the taxes and assessments due and payable on the property acquired for the preceding fiscal year multiplied by the number of months in the fiscal year in which the property was acquired which elapsed prior to the month in which the property owner surrenders possession, and including that month if the surrender of possession occurs after the fifteenth day of a month. For purposes of computing the payments, the property owner has surrendered possession of property acquired by eminent domain proceedings when the acquiring